

AGENDA

PARTNERSHIPS AND LIMITED LIABILITY COMPANIES COMMITTEE

Teleconference
Dial-In Number 800-693-8500
Participant Code 3125841
Thursday, March 15, 2007
10:00 a.m.

I. Administrative Matters

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|----|------------------------------|---------------|
| A. | Minutes for February Meeting | Charles McKee |
| B. | Membership — New Members | Ed Gartenberg |
| C. | BLS Committee Liaisons | |
| 1. | Executive Committee | Allan Duboff |
| 2. | Legislative | Phil Jelsma |
| 3. | Corporations Committee | Derrick Britt |

II. Subcommittee Reports

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| A. | Publications Subcommittee | Ed Gartenberg |
| 1. | CEB Guide to Selecting and Forming the Proper Business Entity | |
| | (a) Brad Rogerson - Chapter 5, General Partnerships | |
| | (b) Ed Gartenberg/Ellis Wasson – Chapter 8, Limited Partnerships | |
| | (c) Charles McKee - Chapter 11, Limited Liability Companies | |
| | (d) Brad Brigante - Chapter 12, Converting to Limited Liability Company | |
| 2. | Guide to Forming and Operating a Limited Partnership in California | Eric Steinberger/Ed Gartenberg |
| B. | Education Projects | |
| 1. | California CPA Education Foundation Joint Projects | Brad Rogerson |
| 2. | New Projects | |

C. Webpage Subcommittee

Charles McKee

III. Case Law Developments

Phil Jelsma

A. Model Entity Transaction Act

From NCCUSL's 2002 Summary of META:

The Uniform Law Commissioners and the American Bar Association have a long relationship going back to the founding of the Commissioners. Every drafting committee the Commissioners authorize to work on an act has advisors from the American Bar Association. However, in this instance the need to draw together corporate law with the law of unincorporated organizations, meant a more formal joint relationship was necessary. META is a product of this joint relationship.

The problem with mergers, conversions, interest exchanges and changing the location of entities is that an entity involved may have to be dissolved to accomplish the desired end. This means technically winding down the business, satisfying creditors and interest holders in the winding down, and potentially incurring adverse tax consequences. This is a burden when the objective is not to dissolve the business but to continue it in another form or another location. The hazards of the process are many and very costly. A statute that allows these events to occur without dissolving at least one of the entities involved will increase efficiency and lower costs. A general statute, not limited in scope to less than all of the kinds of entities commonly involved in these transactions, is highly desirable. Cross-entity transactions should be available. That statute should also be one that can be fit with the existing entity law in a state so that it is not necessary to repeal all the existing entity law to accomplish the objective. META is the general statute that is designed to fit in with a state's existing entity law to accomplish the objective.

META governs the course of four kinds of transactions: *merger* of one entity with another, *conversion* of an entity to another kind of entity, an *interest exchange* between two entities so that one of them is controlled by the other without actually merging the two entities and the *domestication* of an entity originally organized in one state in another state. A merger occurs when one entity acquires another entity and the result is a single entity composed of both the original entities. A conversion occurs when one kind of entity converts to another kind, i.e., a limited liability company converts into a business corporation. An interest exchange occurs when interest holders transfer their interests in one entity to another for interests in the second entity. For example, the holders of all interests in a limited partnership transfer their interests to a corporation in return for shares of stock in the corporation. A domestication occurs when an entity formed under the laws of one state becomes an entity formed in another state, extinguishing its entity status in the first state. The articles of META essentially provide the procedures to accomplish each of these transactions.

B. LLC Fee Interest Parties Meeting

IV. Practice Issues

Phil Jelsma